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July 6, 1989

HAND DELIVERED

Mr. D. Wayne Hedberg,
Senior Reclamation Specialist/Hydrologist
and
Mr. Scott Johnson, Reclamation Engineer
Mineral Resource Development and
Reclamation Program
Division of Oil, Gas & Mining
Department of Natural Resources
State of Utah
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
JUL 06 1989

DIVISION OF
OIL, GAS & MINING

Re: DOGM Permit Review
1989 Amendment
Sevier Lake Project,
M/027/008-89(1)
Millard County, Utah

Gentlemen:

Enclosed for your review in anticipation of the July 20 pre-hearing briefing session and hearing on the above referenced matter are the following documents:

1. A draft of the proposed Reclamation Contract Form MR-RC;
2. A proposed Board Contract;
3. A copy of the Federal Corp. Surety Bond and Bond Acceptance letter; and
4. Copies of the Balance Sheets of Crystal Peak Minerals Corporation as of June 30, 1988 and March 31, 1989.

As you are probably aware, Crystal Peak proposes reclamation bonding on this project in the form of a combination of a \$53,000 Federal Corporate Surety Bond posted and currently held by the Bureau of Land Management, a \$5,000 State Corporate Surety Bond to be delivered to the Utah Division of State Lands and Forestry and a Board Contract in the amount of \$59,000 for a total bonded amount of \$117,000. This amount is equal to the total reclama-

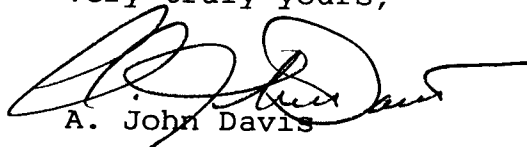
D. Wayne Hedberg
Scott Johnson
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tion costs in 1994 dollars set forth in the "Reclamation Estimate for Crystal Peak Minerals, Sevier Dry Lake Project" prepared by the Utah Division of Oil, Gas & Mining dated May 18, 1989.

In utilizing this approach, it is important to note that Crystal Peak is requesting a Board Contract for only 50% of its total reclamation requirement and that the other 50% is fully covered by surety bonds.

I hope that the accompanying materials will be sufficient for the purposes of your review. Please let me know, as soon as possible, if any changes need to be made to these documents.

Very truly yours,



A. John Davis

AJD:rrt
1089.35
Enclosures
cc: Larry Sower (w/encl.)
William V.H. Clarke (w/encl.)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/027/008
(Mineral Mined) Sodium, Potassium, etc.

"MINE LOCATION":

(Name of Mine) Sevier Lake
(Description) Millard County, Utah

"DISTURBED AREA":

(Disturbed Acres) 100.1 acres
(Legal Description) Exhibit A

"OPERATOR":

(Company or Name) Crystal Peak Minerals Corporation
(Address) P.O. Box 3006
Houston, Texas 77253-3006

(Phone No.) (713) 529-3755

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

Oliver W. Gushee, Jr.

Pruitt, Gushee & Fletcher

1850 Beneficial Life Tower

Salt Lake City, Utah 84111

(801) 531-8446

"OPERATOR'S OFFICER(S)":

Mark Kuebler, President

William V.H. Clarke, Vice President

Gerald Seay, Vice President

"SURETY":

(Form of Surety - Exhibit B)

Corporate Surety Bonds

and Board Contract

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$117,000

"ESCALATION YEAR"

1994

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/027/008 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount ^{acceptable to operator and} approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to ^{operator and approved by} the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing.
3. Operator agrees to pay ^{legally determined} public liability and property damage claims resulting from mining ^{operations} ~~as determined by the Board or the Division~~ to the extent provided in the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____, 19____.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally
appeared before me, who being by me duly sworn did say that he/she,
the said _____ is the Director
of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/she duly acknowledged to me that
he/she executed the foregoing document by authority of law on behalf
of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR: CRYSTAL PEAK MINERALS CORPORATION

By _____
Corporate Officer - Position _____ Date _____

STATE OF TEXAS)
)
) ss.
COUNTY OF HARRIS)

On the _____ day of _____ June _____, 1989, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

Notary Public

Residing at: _____

My Commission Expires:

EXHIBIT A

"DISTRIBUTED AREA DESCRIPTION"

100.1 acres in Sections 3, 4, 5, 8 and 16
of Township 24 South, Range 12 West, SLM, and
Sections 34 and 35 in Township 23 South, Range
12 West, SLM.